

INTER-OFFICE MEMORANDUM

Office of Accounts and Control

TO: Chief Financial Officers **DATE:** February 22, 2007
FROM: Lawrence C. Franklin, Jr., State Controller
SUBJECT: BOND FUND EXPENDITURE POLICY
CFO 07-43

This communication is to reinforce the state's policy regarding the order in which multiple years bond fund proceeds should be expended.

During any particular state fiscal year, the state will issue bonds that are purchased by investors. The "proceeds" of each fiscal year issuance is used to pay for the capital projects approved for that year. Circumstances beyond the control of an agency may prevent all of the proceeds received in any one fiscal year from being fully expended by the end of the fiscal year. These unspent proceeds are usually carried forward to be spent the next fiscal year, along with the proceeds of the new fiscal year, for the same capital project.

If you are continuing with the same capital project, YOU SHOULD ALWAYS SPEND THE PROCEEDS FROM THE EARLIEST ISSUANCE FIRST, THEN EXPEND THE LATTER PROCEEDS. If you are not continuing with the same project, you should notify the Budget Office. They will advise you of the proper use or disposition of the unspent bond funds.

In RIFANS, the fiscal year for which bond proceeds have been issued is identified in the PROJECT field. In this five digit field, the first two are used to identify the bond issuance year (i.e. 07000 for bonds issued for the current fiscal year). Bond budgets are established in the RIFANS system using this project code to identify the funding still available in the current fiscal year for a particular issuance. (NOTE: A PROJECT CODE OF "88888" DENOTES UNISSUED BONDS, WHICH ARE NOT AVAILABLE FOR EXPENDITURE. NO TRANSACTION SHOULD BE MADE AGAINST THIS PROJECT CODE.

If you have any questions on the amount of funding available for a bond project or which issuance year expenditures should be assigned to, you should contact your assigned budget analyst.

LCF/nas